

HOUSE BILL 69

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Q3  
HB 561/02 - W&M

2003 Regular Session  
3r0864

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By: **Delegates Hixson, Hurson, and Franchot**  
Introduced and read first time: January 22, 2003  
Assigned to: Ways and Means

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A BILL ENTITLED

1 AN ACT concerning

2 **Income Tax Credit for Services Donated by Health Care Professionals**

3 FOR the purpose of allowing a credit against the State income tax for certain health  
4 care professionals who donate services to certain organizations providing health  
5 care services to low-income individuals on a certain basis; allowing certain  
6 community health organizations or local health departments to submit  
7 proposals to the Department of Health and Mental Hygiene for allocation of the  
8 available credit for approved programs; allowing a community health  
9 organization or local health department to assign the tax credit allocated to the  
10 organization's or department's program to certain health care professionals who  
11 donate services to the community health organization's or local health  
12 department's approved program; requiring the Department to certify to the  
13 Comptroller the applicability of the credit for each health care professional;  
14 limiting the total available credit that may be allocated for each taxable year;  
15 requiring the Department to adopt certain regulations; defining certain terms;  
16 requiring a certain study to be done and provided to certain committees of the  
17 General Assembly on or before a certain date; providing for the application and  
18 termination of this Act; and generally relating to a credit against the State  
19 income tax for certain health care professionals who donate services to certain  
20 organizations and health departments providing health care services to  
21 low-income individuals.

22 BY adding to  
23 Article - Tax - General  
24 Section 10-725  
25 Annotated Code of Maryland  
26 (1997 Replacement Volume and 2002 Supplement)

27 SECTION 1. BE IT ENACTED BY THE GENERAL ASSEMBLY OF  
28 MARYLAND, That the Laws of Maryland read as follows:

1 **Article - Tax - General**

2 10-725.

3 (A) (1) IN THIS SECTION THE FOLLOWING WORDS HAVE THE MEANINGS  
4 INDICATED.5 (2) "COMMUNITY HEALTH ORGANIZATION" MEANS A LOCAL, REGIONAL,  
6 OR STATEWIDE NONPROFIT ORGANIZATION EXEMPT FROM TAXATION UNDER §  
7 501(C)(3) OF THE INTERNAL REVENUE CODE THAT IS ORGANIZED IN WHOLE OR IN  
8 PART TO PROVIDE HEALTH CARE SERVICES TO LOW-INCOME INDIVIDUALS WITHOUT  
9 CHARGE OR FOR A REDUCED CHARGE.10 (3) "DEPARTMENT" MEANS THE DEPARTMENT OF HEALTH AND MENTAL  
11 HYGIENE.12 (4) "HEALTH CARE PROFESSIONAL" MEANS AN INDIVIDUAL WHO IS  
13 LICENSED OR CERTIFIED UNDER THE HEALTH OCCUPATIONS ARTICLE AS:

14 (I) A PHYSICIAN;

15 (II) A PHYSICIAN'S ASSISTANT; OR

16 (III) A SOCIAL WORKER.

17 (B) (1) A COMMUNITY HEALTH ORGANIZATION OR LOCAL HEALTH  
18 DEPARTMENT MAY SUBMIT A PROPOSAL TO THE DEPARTMENT REQUESTING AN  
19 ALLOCATION OF TAX CREDITS FOR USE BY HEALTH CARE PROFESSIONALS  
20 DONATING THEIR SERVICES TO THE COMMUNITY HEALTH ORGANIZATION OR LOCAL  
21 HEALTH DEPARTMENT.

22 (2) THE PROPOSAL SHALL SET FORTH:

23 (I) THE PROGRAM CONDUCTED OR TO BE CONDUCTED BY THE  
24 COMMUNITY HEALTH ORGANIZATION OR LOCAL HEALTH DEPARTMENT;

25 (II) THE LOW-INCOME POPULATION TO BE ASSISTED;

26 (III) THE ESTIMATED VALUE OF SERVICES TO BE DONATED TO THE  
27 PROGRAM; AND

28 (IV) THE PLANS FOR IMPLEMENTING THE PROGRAM.

29 (C) IF THE DEPARTMENT APPROVES A PROPOSAL SUBMITTED BY A  
30 COMMUNITY HEALTH ORGANIZATION OR LOCAL HEALTH DEPARTMENT UNDER THIS  
31 SECTION, THE COMMUNITY HEALTH ORGANIZATION OR LOCAL HEALTH  
32 DEPARTMENT MAY ASSIGN THE TAX CREDIT AMOUNTS ALLOCATED TO THE  
33 PROGRAM FOR A TAXABLE YEAR TO HEALTH CARE PROFESSIONALS WHO DONATE  
34 THEIR SERVICES TO THE APPROVED PROGRAM DURING THE TAXABLE YEAR.

1 (D) (1) A HEALTH CARE PROFESSIONAL MAY CLAIM A CREDIT AGAINST THE  
2 STATE INCOME TAX IN AN AMOUNT EQUAL TO THE LESSER OF:

3 (I) 25% OF THE VALUE OF HEALTH CARE SERVICES DONATED BY  
4 THE HEALTH CARE PROFESSIONAL DURING THE TAXABLE YEAR TO A COMMUNITY  
5 HEALTH ORGANIZATION OR LOCAL HEALTH DEPARTMENT FOR PROGRAMS  
6 APPROVED UNDER THIS SECTION; OR

7 (II) THE AMOUNT OF THE TAX CREDIT ASSIGNED BY THE  
8 COMMUNITY HEALTH ORGANIZATION OR LOCAL HEALTH DEPARTMENT TO THE  
9 HEALTH CARE PROFESSIONAL FOR THE TAXABLE YEAR.

10 (2) THE VALUE OF THE HEALTH CARE SERVICES DONATED BY A HEALTH  
11 CARE PROFESSIONAL TO A COMMUNITY HEALTH ORGANIZATION OR LOCAL HEALTH  
12 DEPARTMENT TAKEN INTO ACCOUNT FOR PURPOSES OF THE TAX CREDIT UNDER  
13 THIS SECTION MAY NOT EXCEED THE LESSER OF:

14 (I) THE REASONABLE COST FOR SIMILAR SERVICES FROM OTHER  
15 PROVIDERS; OR

16 (II) \$75 PER HOUR OF TIME DONATED BY THE HEALTH CARE  
17 PROFESSIONAL.

18 (3) A COMMUNITY HEALTH ORGANIZATION OR LOCAL HEALTH  
19 DEPARTMENT MAY NOT ASSIGN A CREDIT TO A HEALTH CARE PROFESSIONAL UNDER  
20 THIS SECTION IF THE TOTAL VALUE OF HEALTH CARE SERVICES DONATED BY THE  
21 HEALTH CARE PROFESSIONAL TO THE COMMUNITY HEALTH ORGANIZATION OR  
22 LOCAL HEALTH DEPARTMENT DURING THE TAXABLE YEAR IS LESS THAN \$3,000.

23 (4) (I) FOR ANY TAXABLE YEAR, THE CREDIT ALLOWED UNDER THIS  
24 SECTION TO ANY HEALTH CARE PROFESSIONAL MAY NOT EXCEED THE LESSER OF:

25 1. THE STATE INCOME TAX IMPOSED FOR THE TAXABLE  
26 YEAR, DETERMINED BEFORE THE APPLICATION OF THE CREDITS ALLOWED UNDER  
27 THIS SECTION AND §§ 10-701 AND 10-701.1 OF THIS SUBTITLE, BUT AFTER THE  
28 APPLICATION OF ANY OTHER CREDITS ALLOWABLE UNDER THIS SUBTITLE; OR

29 2. \$1,000.

30 (II) THE UNUSED AMOUNT OF THE CREDIT FOR ANY TAXABLE YEAR  
31 MAY NOT BE CARRIED OVER TO ANY OTHER TAXABLE YEAR.

32 (E) THE TOTAL AMOUNT OF TAX CREDITS GRANTED FOR COMMUNITY  
33 HEALTH PROGRAMS APPROVED UNDER THIS SECTION FOR EACH TAXABLE YEAR MAY  
34 NOT EXCEED \$250,000.

35 (F) THE DEPARTMENT SHALL CERTIFY TO THE COMPTROLLER THE  
36 APPLICABILITY OF THE CREDIT PROVIDED UNDER THIS SECTION FOR EACH HEALTH  
37 CARE PROFESSIONAL.

1 (G) (1) THE DEPARTMENT, IN CONSULTATION WITH THE COMPTROLLER,  
2 SHALL ADOPT REGULATIONS TO IMPLEMENT THE TAX CREDIT UNDER THIS SECTION.

3 (2) (I) THE REGULATIONS ADOPTED UNDER THIS SUBSECTION SHALL  
4 INCLUDE REGULATIONS FOR THE APPROVAL OR DISAPPROVAL OF PROPOSALS  
5 UNDER THIS SUBSECTION BY COMMUNITY HEALTH ORGANIZATIONS OR LOCAL  
6 HEALTH DEPARTMENTS AND FOR DETERMINING THE VALUE OF THE DONATIONS.

7 (II) THE REGULATIONS REQUIRED UNDER THIS PARAGRAPH  
8 SHALL:

9 1. INCLUDE A REQUIREMENT THAT AN ANNUAL AUDIT BE  
10 PROVIDED BY A COMMUNITY HEALTH ORGANIZATION OR LOCAL HEALTH  
11 DEPARTMENT AS A PREREQUISITE FOR APPROVAL; AND

12 2. PROVIDE FOR THE EQUITABLE ALLOCATION OF THE  
13 AVAILABLE AMOUNT OF TAX CREDITS AMONG THE APPROVED PROPOSALS  
14 SUBMITTED BY COMMUNITY HEALTH ORGANIZATIONS AND LOCAL HEALTH  
15 DEPARTMENTS.

16 SECTION 2. AND BE IT FURTHER ENACTED, That the Department of  
17 Health and Mental Hygiene, in consultation with the Comptroller of the Treasury,  
18 shall evaluate the effectiveness of the tax credit provided under this Act. The  
19 Department shall include in this study the number of community health  
20 organizations and local health departments that receive tax credits to be assigned to  
21 health care professionals, the number and occupations of health care professionals  
22 who are assigned credits, and the amount of credits granted. Subject to § 2-1246 of  
23 the State Government Article, the Department shall report its findings to the Senate  
24 Budget and Taxation Committee and the House Committee on Ways and Means on or  
25 before November 1, 2005.

26 SECTION 3. AND BE IT FURTHER ENACTED, That this Act shall be  
27 applicable to all taxable years beginning after December 31, 2002, but before January  
28 1, 2006.

29 SECTION 4. AND BE IT FURTHER ENACTED, That this Act shall take effect  
30 July 1, 2003. It shall remain effective for a period of 3 years and, at the end of June  
31 30, 2006, with no further action required by the General Assembly, this Act shall be  
32 abrogated and of no further force and effect.